

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0221-01
Bill No.: HB 45
Subject: Children and Minors: Education, Elementary and Secondary; Family Law
Type: Original
Date: March 19, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$176,484 to \$33,813,984)	(\$192,177 to \$34,838,802)	(\$197,334 to \$35,883,358)
Total Estimated Net Effect on General Revenue Fund	(\$176,484 to \$33,813,984)	(\$192,177 to \$34,838,802)	(\$197,334 to \$35,883,358)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
State School Moneys Fund	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	(\$86,926)	(\$94,674)	(\$97,032)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$86,926)	(\$94,674)	(\$97,032)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
School Districts	(Up to \$11,212,500)	(Up to \$11,548,875)	(Up to 11, 895,341)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations** assumes no fiscal impact to their agency resulting from this proposed legislation.

Officials from the **Kansas City, Missouri School District** responded regarding a reduction of the dropout rate, but did not indicate a fiscal impact to their district.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there could be an increase in the cost to fully fund the basis state aid formula due to an increase in attendance of students between the ages of 16 and 18. Based on the 1990 census, there would be approximately 13,000 students affected by increasing the compulsory attendance age to 18. The increased cost to fully fund the foundation formula is estimated as follows:

$$13,000 \text{ students} \times \$5,175^* \text{ formula amount per eligible pupil} \times 50\%^{**} = \$33,637,500$$

*\$5,175 is the average cost per pupil when local deductions remain constant. The actual cost is subject to appropriation. (\$3.52 x \$147,022/100 Guaranteed Tax Base for FY 2004)

**Assumes that only 50% of the sixteen and seventeen year old students will stay in school.

ASSUMPTION (continued)

DESE assumes a 3% inflation assumption for subsequent fiscal years.

In estimating the local cost to school districts, DESE made the following assumptions:

The current expenditure per eligible pupil in 2001-02 was approximately \$6,900. The approximate cost to school districts would be:

$$\$13,000 \times 50\% \times \$6,900 = \$44,850,000.$$

Approximately \$33.6 million of this amount would be paid by the state through the basic state aid formula. The remainder (\$11.2 million) would come from miscellaneous sources of local, state, or federal revenue. If no additional money is available, the district may not increase its spending; rather the same amount of spending spread over more students reduces the amount spent per student.

Officials from the **Department of Social Services - Division of Youth Services (DOS-DYS)** state that in FY 2001 34 youth under the age of 16 were committed to DYS for truancy. During the same reporting period, there were 584 committed youth between 16 and 17 years of age that DYS may not have been required to enforce school attendance. According the Kids Count Missouri, the annual high school dropout rate for the 1999-00 school year was 5.0%, or approximately 11,807 dropouts. According to the 2000 Juvenile Court Statistics Report, there were 5,557 referrals for truancy made to the juvenile courts involving youth under the age of 16 years. With the additional period of two years of compulsory attendance, DYS officials estimate they will monitor school attendance for approximately 500 youth (ages 16-17) within the community and that 50 youth ages 16 to 17 years could participate in DYS day treatment programs. Officials assume that courts would act on referrals for truancy of youths 16 to 17 years of age, but that little action would be taken by the courts on the truancy referrals where the youth is 17 years or older. The division's assumption is based on the state statute 211.021, RSMo which defines "adult" as a person 17 years of age or older.

Oversight assumes that DYS could absorb any additional costs related to providing day treatment for 15-50 youths. It was assumed that the youths would not be placed at one facility, but could be placed at any one of a number of 33 facilities that currently provide educational programs for DYS. Furthermore, it was assumed that DYS would obtain state aid through the state basic aid formula based on the number of students and their attendance records.

The **Department of Social Services (DOS), Division of Family Services (DFS)** assumes that it would be fiscally impacted by this proposal. DFS assumes that requiring children to attend ASSUMPTION (continued)

school until age 18 or graduate would result in some children ages 16 and 17 being reported to the Child Abuse/Neglect (CA/N) Hotline for non-attendance due to educational neglect.

To project the fiscal impact, the following staffing formulas and caseload standards for field staff were used:

1 Clerk-typist	:	3 professional staff
1 Supervisor III	:	3 Supervisors I
1 Supervisor I	:	7 Children's Services Workers
CA/N Investigations	:	17 per month per Children's Services Worker
12 Family-Centered Services cases	:	per Children's Services Worker

To estimate the number of additional educational neglect reports that would result from the proposal, DFS used data from FY 2002. There were 3,447 CA/N reports alleging educational neglect, of which 1,079 were children from 14 or 15 years of age. DFS assumed they would have the same number of hotlines on 16 and 17 year old children. Approximately 35% of hotlines result in a need for Family-Centered Services; therefore 378 hotline calls would indicate a need for Family-Centered Services. DFS currently does not track the number of students who do not attend school due to religious purposes, therefore are unable to estimate the number of students/families that do not attend school for religious reasons.

DFS assumes they would need the following staff to implement the proposed legislation:

1,079 CA/N hotlines = 5.3 Children's Services Workers (1,079 hotlines/17 hotlines per month/12 months per year)
378 FCS cases = 18.7 Children's Services Workers
27.5 (5.8 + 21.7) Children Services Workers (to investigate and assess CA/N reports and work with families to improve their parenting skills to an acceptable level of child care)
3.4 Supervisors I (to supervise Children's Services Workers)
1.1 Supervisor III (to supervise Supervisors)
9.5 Clerk-Typists II (support for professional staff)

Consistent with similar legislation from the prior years and an insignificant change in workload, **Oversight** assumes that a total of 5 Children's Services Workers, 2 Clerk Typists and 1 Supervisor would be needed as a result of this proposal. **Oversight** has, for fiscal note purposes

only, changed the starting salaries for DFS to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight ASSUMPTION (continued)

Subcommittee of the Joint Committee on Legislative Research.

Officials from the **St Louis Public Schools** estimate the initial number of students impacted by this legislation would be 150 and could increase to 500 students. The projected state payments, based on 150 for school years 2004-2005 and 2005-2006, are as follows:

	<u>2004-2005</u>	<u>2005-2006</u>	
150 Students Without At Risk	\$527,188	\$532,460	
150 Students With At Risk	\$741,410	\$748,824	
<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Cost</u> - Transfers to State School Moneys Fund	(Up to \$33,637,500)	(Up to \$34,646,625)	(Up to \$35,686,024)
<u>Cost</u> - Department of Social Services Division of Family Services			
Personal Services (5.36 FTE)	(\$108,671)	(\$133,666)	(\$137,338)
Fringe Benefits	(\$43,979)	(\$54,094)	(\$55,447)
Expense and Equipment	<u>(\$23,834)</u>	<u>(\$4,417)</u>	<u>(\$4,549)</u>
Total Cost - DFS	(\$176,484)	(\$192,177)	(\$197,334)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$176,484 to \$33,813,984)</u>	<u>(\$192,177 to \$34,838,802)</u>	<u>(\$197,334 to \$35,883,358)</u>
STATE SCHOOL MONEYS FUND			
Income - Transfers from General Revenue Fund	Up to \$33,637,500	Up to \$34,646,625	Up to \$35,686,024
Cost - Distribution to School Districts	(Up to \$33,637,500)	(Up to \$34,646,625)	(Up to \$35,686,024)

**ESTIMATED NET EFFECT ON
 STATE SCHOOL MONEYS FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	FY 2004 (10 Mo.)	FY 2005	FY 2006
FEDERAL FUNDS			
<u>Cost - Department of Social Services</u>			
<u>Division of Family Services</u>			
Personal Services (2.64 FTE)	(\$53,525)	(\$65,835)	(\$67,481)
Fringe Benefits	(\$21,662)	(\$26,664)	(\$27,310)
Expense and Equipment	<u>(\$11,739)</u>	<u>(\$2,175)</u>	<u>(\$2,241)</u>
Total <u>Cost</u> - DOS-DFS	(\$86,926)	(\$94,674)	(\$97,032)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(\$86,926)</u>	<u>(\$94,674)</u>	<u>(\$97,032)</u>

FISCAL IMPACT - Local Government

	FY 2004 (10 Mo.)	FY 2005	FY 2006
SCHOOL DISTRICTS			
<u>Income</u> - School Districts	Up to	Up to	Up to
Increased State Aid	\$33,637,500	\$34,646,625	\$35,686,024
<u>Cost</u> - School Districts	(Up to	(\$0 to	(\$Up to
Increase School Attendance	<u>\$44,850,000)</u>	<u>\$46,195,500)</u>	<u>\$47,581,365)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(Up to \$11,212,500)</u>	<u>(Up to \$11,548,875)</u>	<u>(Up to \$11,895,341)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

LMD:LR:OD (12/02)

This proposal raises the age for leaving school from 16 to 18. The proposal also clarifies that all parents or guardians, rather than only one parent or guardian, must agree in writing when children are excused from school for work or dropped from school rolls. A religious exemption to compulsory school attendance is added. Sections of statute concerning work certificates and working hours and days of children are amended to reflect the higher age.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Kansas City, Missouri Public School District
St Louis Public Schools
Department of Elementary and Secondary Education
Department of Social Services
Division of Youth Services
Division of Family Services



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March 19, 2003